



**HOUSING AUTHORITY
of the County of Los Angeles**

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**Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich**
Commissioners

Sean Rogan
Executive Director

June 11, 2013

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**FISCAL YEAR 2013-2014 BUDGETS OF THE COMMUNITY DEVELOPMENT
COMMISSION AND HOUSING AUTHORITY AND INCORPORATION OF
ADDITIONAL FUNDS INTO THE HOUSING AUTHORITY'S FISCAL YEAR 2012-2013
BUDGET
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

The Fiscal Year 2013-2014 Community Development Commission of the County of Los Angeles (Commission) and the Housing Authority of the County of Los Angeles (Housing Authority) Recommended Budgets totaling \$479,575,700 reflect a decrease of \$5,502,000, or 1.13%, over Fiscal Year 2012-2013.

The decrease is primarily due to additional reductions in funding for the Housing Authority's Section 8 Housing Choice Voucher Program (HCV) and Capital Fund Program (CFP) from the U.S. Department of Housing and Urban Development (HUD) due to sequestration.

The Commission also received additional cuts in federal funding allocations in the Community Development Block Grant (CDBG) Program and the HOME Program. These decreases were offset by an expansion of the Traffic Violator School Monitoring

ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

1-H June 11, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Program, funding from the County in the form of County General Funds (CGF) and Affordable Housing Due Diligence Review (HDDR) for continued support in developing low income and special needs housing, and an increase in external construction project budgets that the Commission is overseeing on behalf of the County.

The Commission and Housing Authority continue to face daunting challenges into the foreseeable future. The federal government budget is tight and congressional funding remains insufficient to meet public housing's basic operating needs. Throughout this challenging environment, the Commission and Housing Authority continues to do their best to manage resources in order to more effectively serve our constituents. The agencies will continue to press forward to work more efficiently and effectively to ensure that they continue to accomplish our mission to Build Better Lives and Better Neighborhoods.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Adopt and instruct the Chairman to sign a Resolution (Attachment A) approving the Commission's Fiscal Year 2013-2014 Budget, which includes revenues and expenditures of \$160,099,300.
2. Adopt and instruct the Chairman to sign a Resolution (Attachment B) approving the cost allocation model developed in conjunction with the Commission's external auditors, Klynveld Peat Marwick Goerdeler (KPMG), in April 2002.
3. Instruct the Executive Director, or his designee, to implement the Commission's Fiscal Year 2013-2014 Budget and take all related actions for this purpose, including execution of all required documents.
4. Delegate authority to the Executive Director or his designee to approve amendments to the Commission's Administrative and Personnel Policies.
5. Find that the approval of the Commission's Fiscal Year 2013-2014 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Adopt and instruct the Chairman to sign a Resolution (Attachment C) approving the Housing Authority's Fiscal Year 2013-2014

Budget, which includes revenues and expenditures of \$319,476,300.

2. Adopt and instruct the Chairman to sign the Transmittal Resolution (Attachment D) certifying submission of the Housing Authority's Fiscal Year 2013-2014 Budget by your Board to HUD.
3. Adopt and instruct the Chairman to sign a Resolution (Attachment E) approving the cost allocation model developed in conjunction with the Housing Authority's external auditors, KPMG, in April 2002.
4. Instruct the Executive Director, or his designee, to implement the Housing Authority's Fiscal Year 2013-2014 Budget and take all related actions for this purpose, including execution of all required documents.
5. Find that the approval of the Housing Authority's Fiscal Year 2013-2014 Budget is not subject to CEQA because the activities are not defined as a project under CEQA.
6. Authorize the Executive Director or his designee to incorporate into the Housing Authority's Fiscal Year 2012-2013 Budget up to an additional \$10,000,000 in Affordable Housing Funds (COI), to fund existing loans to developers which were previously approved by your Board through the Housing Authority's Notice of Funding Availability process.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The purpose of the recommended actions is to establish new fiscal year appropriation authority for the Commission and the Housing Authority for operations and activities.

HUD requires formal approval annually for the cost allocation plan that was developed in 2002 by KPMG, the Commission and Housing Authority's external auditors at the time. The details of the allocation plan were submitted to your Board in May 2007, and subsequently approved in June 2007. The allocation methodology remains the same for Fiscal Year 2013-2014.

On December 28, 1982, your Board established the Commission's Administrative and Personnel Policies (Policies) and provided the framework for the current personnel system. Since that time, your Board has approved multiple amendments to the Policies. We are requesting delegated authority for the Executive Director to amend the Policies as necessary in the future to clarify business practices and administrative procedures,

and to ensure compliance with applicable Federal and State regulations. Items with a fiscal impact, including salaries and benefits, will continue to be presented to your Board for approval.

FISCAL IMPACT/FINANCING

The combined Fiscal Year 2013-2014 Budgets include \$68,638,266 in County funds; an increase of \$6,596,873 from Fiscal Year 2012-2013 primarily due to active construction projects that the Commission is administering on behalf of the County. Of the \$68.6 million in County funds, \$63.1 million is related to various capital projects in the First, Second and Fourth Supervisorial Districts, and \$3.3 million is in support of various homeless assistance projects, including the Homeless and Housing Program Fund (HHPF). The Community Resource Center is budgeting \$913,654 for continued administrative support of various programs that provide comprehensive, integrated and accessible services to youth and families in unincorporated South Whittier as well as starting the design phase for converting temporary trailers to a permanent structure. A total of \$475,000 is being requested for continued support of the University of California Cooperative Extension Program. The remaining miscellaneous funds will support other countywide initiatives as designated by your Board.

A total of \$18.8 million in reserves is being budgeted for Fiscal Year 2013-2014 to bridge the gap between funding and expense levels. Reserves include the Commission general fund, Central Office Cost Center (COCC), Housing Authority Prior Year Surplus and other reserves. The Section 8 program is projecting to use \$12.7 million of Prior Year Housing Authority reserves to help offset anticipated reductions in HUD program and administrative funding for 2014. The Commission general fund is budgeted at \$2.7 million to cover any shortfall in retiree medical expenses, excess legal fees and other agency costs as needed. Other reserves are budgeted at \$3.4 million to support the Business Technology Center Improvements and administrative costs of the Housing Authority.

In Fiscal Year 2012-2013, the Housing Authority experienced higher activity in previously approved COI affordable housing projects. As a result, the loan costs for the Housing Authority will exceed the approved budget authority for Fiscal Year 2012-2013. The recommended increase in authority will keep the projects moving forward without delay.

BUDGET OVERVIEW:

The combined Fiscal Year 2013-2014 Budgets include \$160,099,400 for the Commission and \$319,476,300 for the Housing Authority. The Budgets consist primarily of federal funding provided by HUD for housing and community development programs. Approximately 51% of the budget is in support of Section 8 Housing Vouchers for low income families, seniors, disabled and veterans. Local revenue

sources include public housing dwelling rental income, County Funds and Affordable Housing Development Funds (COI).

EFFICIENCY EFFORTS:

The Commission and Housing Authority continue to operate at high efficiency levels thanks to the hard work and forward thinking of management and staff in developing new online applications to streamline processes and improve services. We continue to pursue additional measures to assist us in generating savings while improving operations.

Some of the efficiency improvements over the past year include:

- Developed and deployed both an Owner Portal and a Tenant Portal Phase II to allow for paperless processing and online submission of documentation for Section 8 annual reexaminations.
- Implemented an online service desk ticketing system. Employees are able to request use of pool vehicles, report computer issues, request help moving or fixing furniture, order items such as letterhead or business cards, or request help for any other service need.
- Designed and implemented the Employee Performance Management System (EPMS) to utilize paperless technology for employee performance plan tracking, annual review and merit increases. This system will significantly reduce paper use and save employees and managers time as they monitor and track employee progress online.
- Completed the upgrade of the Tracker system, used to record and track construction projects on a web based application.
- Completed consolidation of administrative offices to minimize travel time, decrease fuel expenses and cultivate a sense of unity between the divisions. The LEED gold certified building will also save money on utilities and stabilize rental costs with an asset to be owned by the Commission at the end of 32 years.
- Implemented Accounts Payable imaging program to eliminate hard copy storage, utilizing Laserfiche barcode/scanning tools with PeopleSoft Financials interface.

COMMUNITY DEVELOPMENT COMMISSION:

In Fiscal Year 2013-2014, the Commission's programs will be supported by three primary funding sources; State and County Revenue, CDBG funds, and Sound Attenuation Grants.

State and County Revenue is budgeted at \$76.3 million, which consists primarily of \$63 million for external construction projects in the First, Second and Fourth Supervisorial Districts that the Commission is administering on behalf of the County. This total also includes funding for various Homeless Program Initiatives funded by the County and support of the South Whittier Community Resource Center.

The 2013-2014 CDBG Program is budgeted at \$34.4 million, which includes the annual Federal Entitlement and unspent prior-year carryover funds. The annual allocation is \$21 million, which is level with the funding received in FY 12-13, but significantly lower than previous years, due to continuous federal funding cuts. CDBG funds will be used by the Commission, the Housing Authority, 49 participating cities, six County departments, 33 community-based organizations and other public agencies, such as school districts.

Sound Attenuation Grants for the Residential Sound Insulation Program (RSIP) are budgeted at \$19.1 million, which includes funding from Los Angeles World Airports and the Federal Aviation Administration to mitigate exterior noise impact from planes flying near homes around Los Angeles International Airport.

HOUSING AUTHORITY:

In Fiscal Year 2013-2014, the Housing Authority's programs will be supported by three major funding sources: Housing Assistance Payments, Public Housing Program Funds, and Affordable Housing Development Funds (COI).

The Housing Assistance Funding is budgeted at \$269.3 million, and will be used to provide administrative support and rental assistance for over 24,000 low- and very-low income families and seniors, including 226 units for tenants residing at the Kings Road and Lancaster Homes project-based Section 8 developments.

The Public Housing Program Funding is budgeted at \$18.9 million, and is comprised primarily of \$11.2 million in rent revenues and \$7.7 million in operating subsidies. These funds are used to manage and maintain 3,258 public and affordable housing units, and to provide resident services.

Affordable Housing Development Funds are budgeted at \$19 million for the Housing Authority for the development of housing for low-income individuals, families, and special needs populations. To date, a total of \$220.8 million has been awarded, leveraging approximately \$1.6 billion to develop 8,794 units of affordable rental, homeownership and special needs housing units.

STAFFING:

The Commission budget includes 568 FTE employees, with 526 as regular positions and 42 as contract positions. The net increase of 17 FTE over the prior Fiscal Year is

predominantly due to the expansion of the Traffic Violator School Monitoring Program which assumed the duties previously performed by the Los Angeles Superior Court and thus added 24 Commission employees at Court locations throughout Los Angeles County. The additional positions were offset by reduction in staff, primarily in Assisted Housing, due to additional funding reductions from HUD.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2001, the Commission and the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2013-2014 marks the thirteenth year that the Housing Authority will submit a capital budget that details ongoing and future projects. The Fiscal Year 2013-2014 operating budget includes \$1.85 million in Housing Authority capital projects for ongoing and new projects.

On May 28, 2013, your Board approved the 2013-2014 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and ESG funding by the Commission, the Housing Authority, County departments, participating cities, community-based organizations, and other public agencies. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2013-2014 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2013-2014 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify the Housing Authority's operating budget.

County Counsel has approved the attached Resolutions as to form. On April 24, 2013, the Housing Commission recommended approval of the Housing Authority's Fiscal Year 2013-2014 Budget and related actions.

ENVIRONMENTAL DOCUMENTATION

Approval of the Commission and Housing Authority's Fiscal Year 2013-2014 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES AND PROJECTS

Approval of the Fiscal Year 2013-2014 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities. Approval of the increased budget authority for Fiscal Year 2012-2013 will enable the Housing Authority to continue to fund loans for affordable housing projects to benefit special needs and low- to moderate-income residents of the County of Los Angeles.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", with a horizontal line extending to the right.

SEAN ROGAN
Executive Director

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

Enclosures

RESOLUTION APPROVING THE 2013-2014 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2013-2014 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding: \$160,099,300

Expenditure and Reserve Appropriations: \$160,099,300

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this ____ day of _____, 2013.

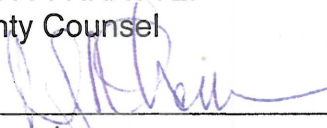
ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

By: _____
Deputy

By: _____
Chairman of the
Board of Commissioners

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By:  _____
Deputy

APPROVED AND ADOPTED by the Board of Commissioners of the Community
Development Commission of the County of Los Angeles on the _____ day of
_____, 2013.

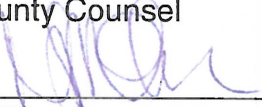
ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

By: _____
Deputy

By: _____
Chairman of the
Board of Commissioners

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By:  _____
Deputy

RESOLUTION APPROVING THE FISCAL YEAR 2013-2014
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2013-2014 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low- and very-low income families.
2. That the budget is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Part 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2013-2014, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding

\$319,476,300

Expenditure and Reserve Appropriations:

\$319,476,300

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this 11th day of June, 2013.

ATTEST:

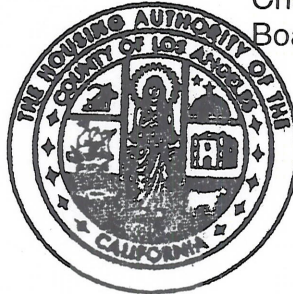
SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners

By: [Signature]
Deputy

By: [Signature]
Chairman of the
Board of Commissioners

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By: [Signature]
Deputy



PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 04/30/2016)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority of the County of Los Angeles PHA Code: CA002

PHA Fiscal Year Beginning: July 1, 2013 Board Resolution Number:

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☒ Operating Budget approved by Board resolution on:
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

06/11/2013





I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

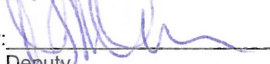
I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Mark Ridley-Thomas	Signature: 	Date: 6/11/2013
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ATTEST: SACHI A. HAMAI
EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS
By:  Deputy

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By:  Deputy

form HUD-52574 (04/2013)

1. That the proposed cost allocation plan is a reasonable and supportable methodology of allocating centralized administration costs to housing and/or development programs.
2. That the proposed cost allocation plan will be consistent with cost principles set forth in the Office of Management & Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and other generally applied cost allocation methods.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles, hereby resolves as follows:

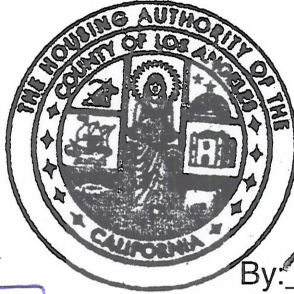
3. The above recitals are true and correct.
4. The Housing Authority of the County of Los Angeles adopts the following cost allocation plan, as required by the U.S. Department of Housing and Urban Development (HUD).
5. This resolution shall take effect immediately following Board approval and will be effective until a major change is proposed to be made in the methodology, at which time, the new cost allocation plan will be submitted for approval by this governing body.

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APPROVED AND ADOPTED by the Board of Commissioners of the Housing
Authority of the County of Los Angeles on the 11th day of June, 2013.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of the
Board of Commissioners



By: [Signature]
Deputy

By: [Signature]
Chairman of the
Board of Commissioners

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By: [Signature]
Deputy